

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7762**

**BILL NUMBER:** HB 1781

**NOTE PREPARED:** Jan 29, 2007

**BILL AMENDED:**

**SUBJECT:** Partial Disproportionate Share Payments.

**FIRST AUTHOR:** Rep. Harris E

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill authorizes the Office of Medicaid Policy and Planning (OMPP) to make partial disproportionate share payments to qualifying hospitals during or after a state fiscal year for the state fiscal year. The bill requires the Office to: (1) establish criteria for a state fiscal year if the Office decides to designate presumptively eligible hospitals as qualifying hospitals; and (2) apply for any necessary state Medicaid Plan amendment. The bill also prohibits a hospital from bringing certain causes of action against a governmental hospital or a public agency.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** This bill would authorize OMPP to make voluntary, partial disproportionate share hospital (DSH) distributions during or after the end of a state fiscal year. If OMPP decides to do a partial distribution, distributions could be made only if the state matching funds required to make the distribution are made available voluntarily by means of an intergovernmental transfer (IGT).

Currently, the total DSH payments for general hospitals licensed under IC 16-21 that meet a defined Medicaid utilization level during a fiscal year are funded with approximately \$9.7 M in state General Fund dollars and funds provided by IGT. The share of state General Funds used to leverage the federal DSH payments are capped by statute and would not be affected by this bill. Currently, the DSH payments are usually made after the close of the state fiscal year. The bill provides that the state matching funds for any partial payments must be provided by voluntary intergovernmental transfers from a government-owned hospital or a public agency on behalf of a hospital. Consequently, the bill would not impact the level of funds necessary for the state to fund this defined group of DSH hospitals. The bill provides that partial distributions may not affect the total amount that any eligible hospital is to receive when the final distributions for the year

are determined, nor may the total distribution be affected.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** County and municipally owned hospitals and the Health and Hospital Corporation along with Clarion Hospitals are the source of intergovernmental transfers made to provide the state match for the DSH program. The bill requires that any partial payments must be made using IGT funds voluntarily made available for the program.

**Explanation of Local Revenues:**

**State Agencies Affected:** OMPP, Family Social Services Administration.

**Local Agencies Affected:**

**Information Sources:** Indiana Hospital and Health Association.

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